

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 400 - HB 366

February 8, 2013

SUMMARY OF BILL: Requires each Department of Education (DOE) Center of Regional Excellence (CORE) to establish a virtual public school. Requires the DOE to establish an annual fee to be charged to local education agencies to fund the costs of starting and operating the virtual public school. All students who enroll in a virtual public school shall be counted by their home LEA for the purposes of enrollment and Basic Education Program state and local funding.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$3,425,000/Department of Education

Increase State Expenditures - \$3,425,000/Department of Education

Increase Local Expenditures - \$3,425,000*


Assumptions:

- According to the DOE, based on the current contracts that LEAs have to operate virtual public schools, each LEA will be charged an annual fee of \$25,000. This recurring fee revenue will be paid to DOE.
- There are 137 LEAs that will pay the recurring annual fee.
- The recurring increase in local government expenditures is estimated to be \$3,425,000 (\$25,000 x 137). Given this fee revenue is paid to the DOE, the recurring increase in state revenue is estimated to be \$3,425,000.
- According to the DOE, each of the eight CORE offices will require one full-time employee at a cost of \$70,000 in salary and \$16,520 in benefits per employee. In addition, there will be one State Virtual Executive Director at a cost of \$90,000 in salary and \$19,526 in benefits. Total recurring state expenditures for these positions is estimated to be \$196,046 (\$70,000 + \$16,520 + \$90,000 + \$19,526). These positions will be paid for through annual fee revenue collected from the LEAs.
- All remaining fee revenue, estimated to be \$3,228,954 (\$3,425,000 - \$196,046) each year, will be expended for the purpose of the virtual school program.
- No increase in state or local Basic Education Program (BEP) funding.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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